

SECRETDocument No. 008 **SECRET**NO CHANGE in Class. ☐☒ **DECLASSIFIED**Office of Reports and ~~Eclass~~ **EXCHANGED TO:** TS S C
Transportation Group

DDA Memo, 4 Apr 77

Auth: DDA REG. 77/1763

Weekly Intelligence Summary No. 8

Date: 1 May 19 April 1948 028CIVIL AVIATION**REFERENCE CENTER LIBRARY**

1. Arab and Jewish forces are preparing to fight for control of the strategic Lydda air base in Palestine as soon as British airport personnel are withdrawn. Firm possession of this base would give either side a substantial advantage in a struggle for the control of Palestine. The impending hostilities, however, will seriously disrupt the exchange of international air traffic between the West-East air carriers and the regional airlines. (Airlines of thirteen countries now operate regular schedules into this well-equipped airport, which accommodates four-engine aircraft.)

2. Apparent evasion of the US export embargo on aircraft is indicated by the report from the American Consulate, Nassau, of the arrival at Nassau of eight American aircraft during the night of 14 April. The majority of the aircraft were twin-engine transports and at least two of them were destined for South America.

Suspension of Yugoslav Air Operations

All scheduled civil air operations in Yugoslavia have been suspended with the unofficial explanation that this action is due to the prevailing shortage of gasoline and the unprofitable nature of the Yugoslav airline's past operations. These reasons seem implausible, however, in view of Yugoslavia's active efforts to negotiate air agreements with other countries: (1) a Yugoslav-Czechoslovak air agreement has just been concluded, providing for Yugoslav airlines to overfly Czechoslovakia en route to Poland and Western Europe; (2) Yugoslavia has been attempting to negotiate an air agreement with Italy since December 1947, and has shown a desire to extend air operations to the Netherlands.

The present grounding of all Yugoslav civil air transports may have no significance other than to recondition the aircraft prior to commencing the expanded internal air services announced for 15 May by the Yugoslav press. On the other hand, the possibility cannot be overlooked that the recent abrupt termination of scheduled air services may be connected with a covert operation involving the use of transport aircraft. There are some indications, in fact, that Yugoslavia is taking precautions to prevent air observation of critical areas west of Belgrade. Present Yugoslav airlift capabilities are limited to the capacity of about thirty-five military and civil air transports. This total will be increased shortly by the addition of six C-47's now being reconditioned for the Yugoslav Government by the Royal Dutch Airlines in Amsterdam.

SECRET

~~SECRET~~

- 2 -

SURFACE TRANSPORTATION

1. Launching of the first Indian-built ocean-going steamship, a vessel of 8,000 deadweight tons, is the first tangible result of the announced intention to develop an ocean-going Indian merchant marine. (The present target is 75,000 deadweight tons a year.) The size of the first vessel may indicate that India intends to concentrate its shipbuilding program on ocean-going, rather than coastal shipping. This would be a logical plan, since there are already some 450,000 deadweight tons of Indian-flag shipping operating in the coastal trades.

2. An opportunistic attempt to exploit the current US sympathy for Italy is reflected by the recent Italian pressure for revision of the terms of a contract under which Venturi, an Italian shipping company, purchased four US vessels. The original agreement specifically provided that the vessels (two tankers and two Liberties) were not being sold for operation, but were to be scrapped. The US Maritime Commission had adjusted the prices accordingly, accepting an average of about \$14,000 each, which is only a fraction of what the Ship Sales Act would have required in a normal transaction. Venturi, however, now wishes to repair the vessels and put them into service, justifying its proposal by citing the critical shortage of shipping, and in particular, of tankers. While US Embassy, Rome, feels that it would be politically expedient to grant the Italian application at this critical time, the US Maritime Commission, believing that such a waiver would violate both the letter and the spirit of the Ship Sales Act, is reluctant to approve the request.

3. Despite the efforts of Bizonal authorities to alleviate the rolling stock shortage by stepping up repair work, reports now indicate that no substantial improvement has been achieved. Shortages of materials and the low level of worker efficiency (estimated at 50 percent of normal) have so seriously hindered the repair program, originated in October 1947, that solution of the difficulties can no longer be anticipated until more effective measures are found.

~~SECRET~~